

PERSI INVESTMENT REPORT

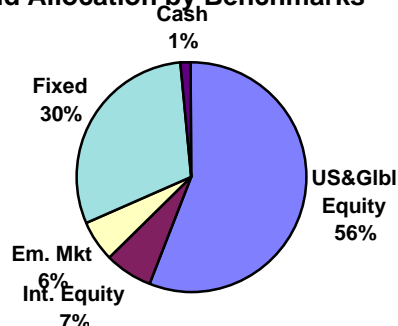
Month to Date Report

October 31, 2008

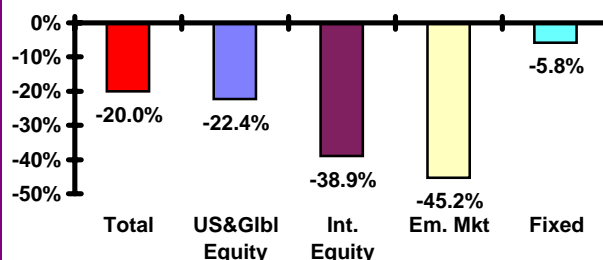
CURRENT VALUE OF THE FUND	\$	8,703,160,601
FISCAL YEAR CHANGE IN MARKET VALUE	\$	(2,208,565,272)
FISCAL YEAR TO DATE RETURNS		-20.0%
MONTH TO DATE RETURNS		-12.4%

<u>Month Returns</u>		<u>Fiscal Year Returns</u>		<u>Five Year Returns</u>	
Total Fund	-12.4%	Total Fund	-20.0%	Total Fund	4.5%
55-15-30 Policy	-13.5%	55-15-30 Policy	-20.0%	55-15-30 Policy	2.0%
U.S Equity	-11.0%	U.S Equity	-14.0%	U.S Equity	5.4%
R3000	-17.7%	R3000	-24.9%	R3000	0.5%
Global Equity	-21.4%	Global Equity	-36.0%	Global Equity	1.5%
MSCI World	-19.1%	MSCI World	-31.3%	MSCI World	2.2%
Foreign Equity	-21.9%	Foreign Equity	-38.9%	Foreign Equity	5.8%
MSCI EAFE	-20.2%	MSCI EAFE	-36.6%	MSCI EAFE	4.0%
Fixed Income	-4.3%	Fixed Income	-5.8%	Fixed Income	3.6%
Leh Agg	-2.4%	Leh Agg	-2.8%	Leh Agg	3.8%

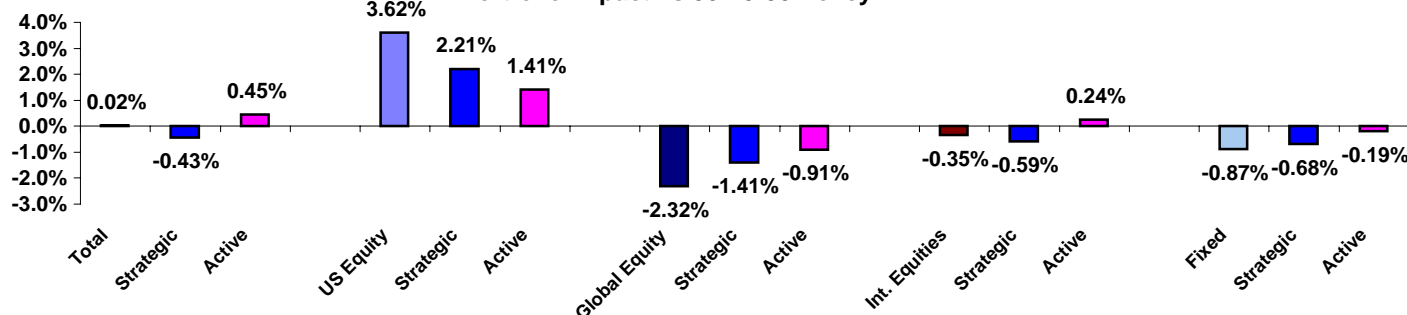
Fund Allocation by Benchmarks



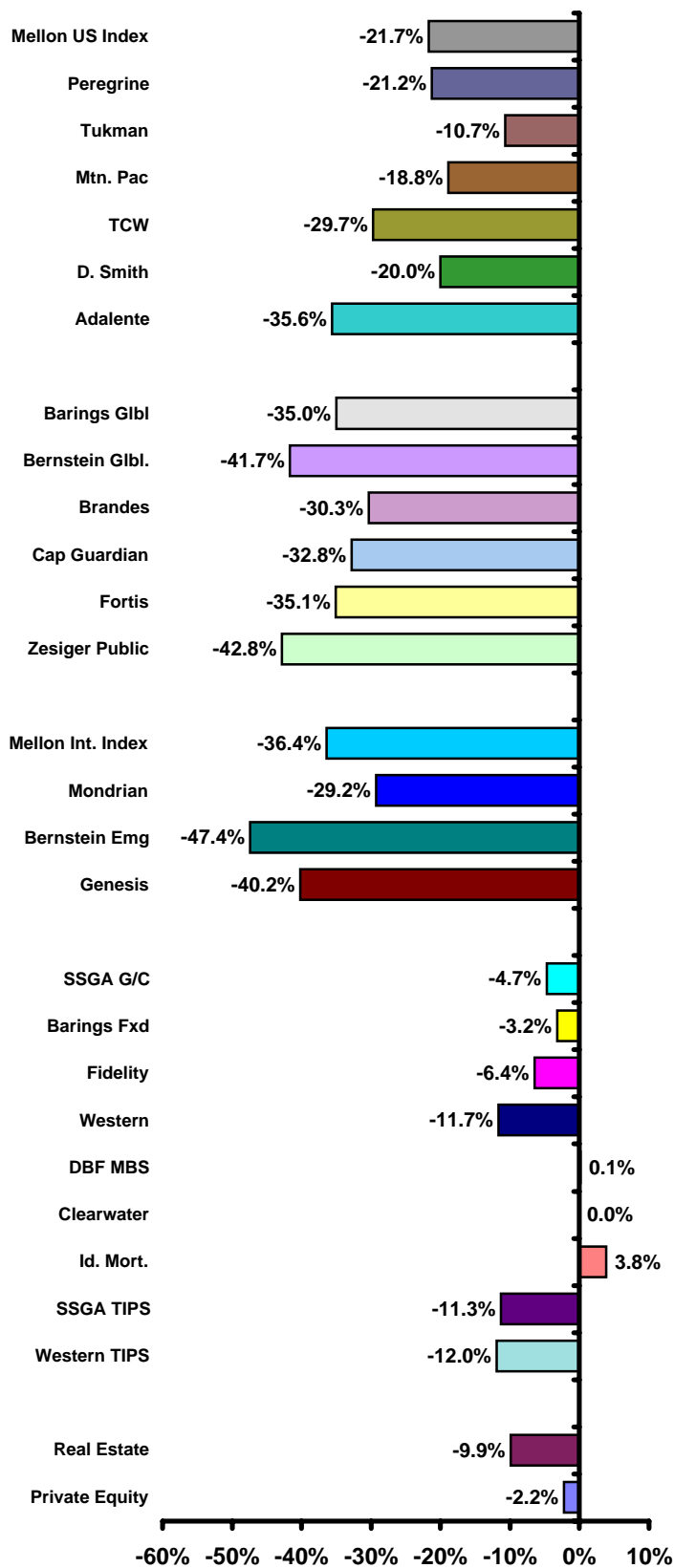
Fiscal Year To Date - Total Returns



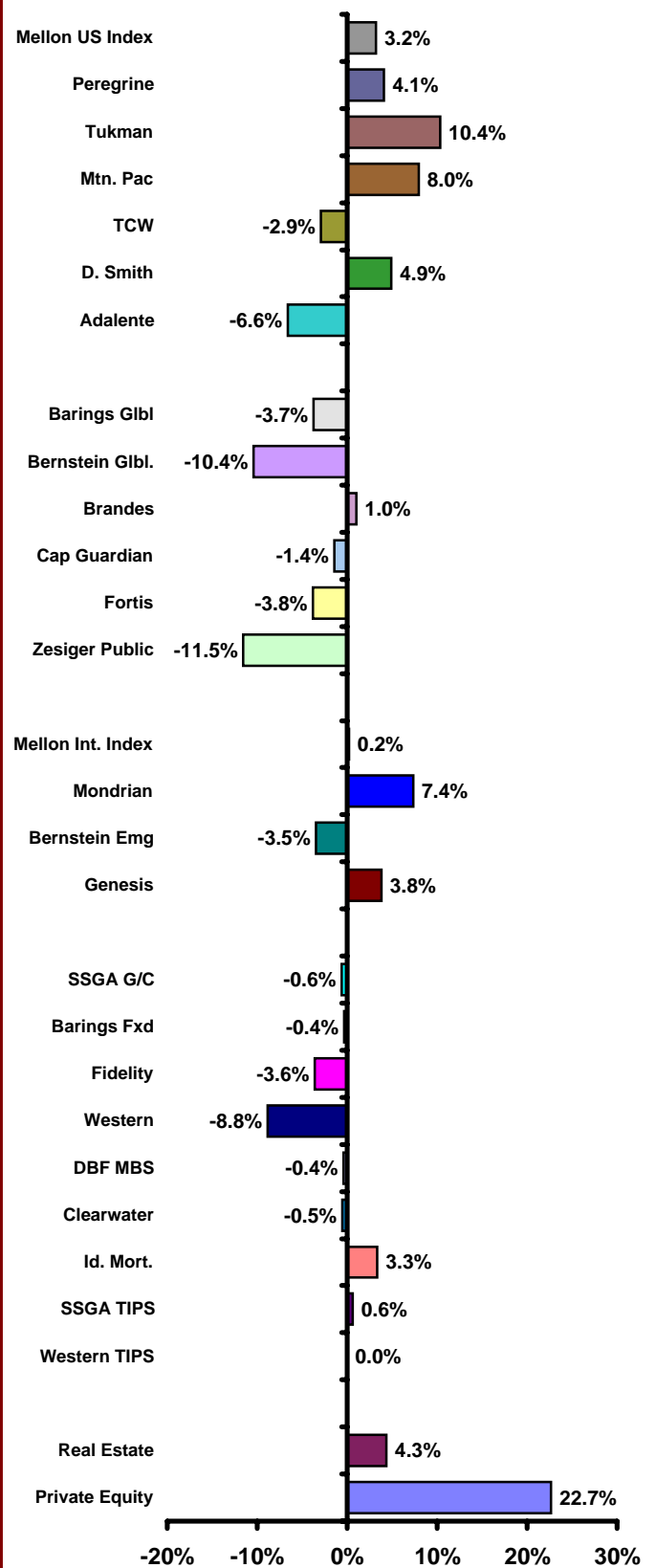
Portfolio Impact vs 55-15-30 Policy - FYTD



Fiscal Year to Date Returns



FYTD Returns vs. Benchmarks



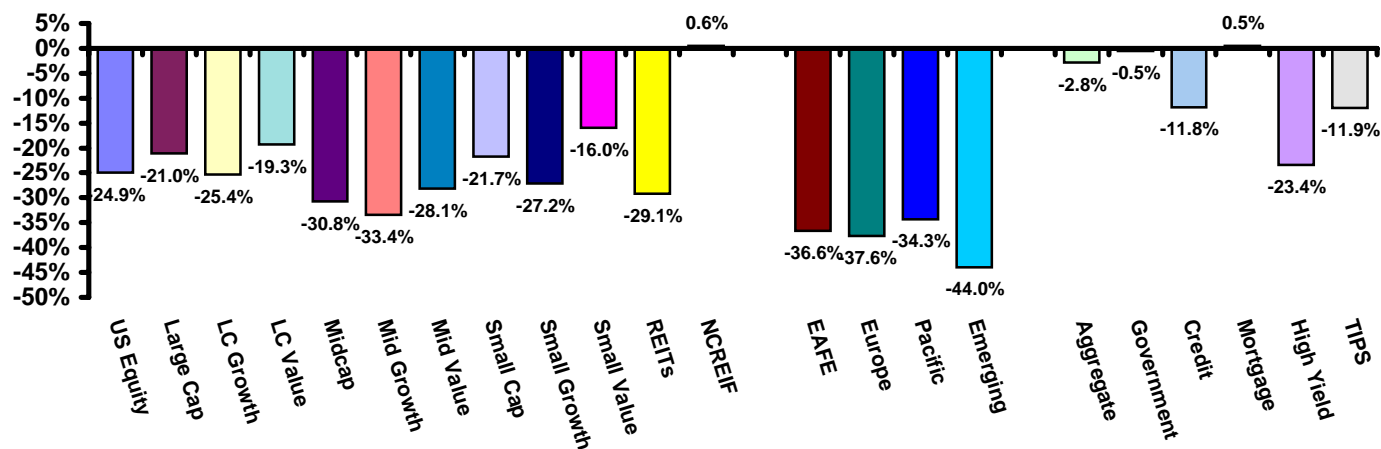
CIO Comment

October was a historic month, and not in the good sense. The Lehman bankruptcy began what only can be called a complete market collapse around the world, with credit markets freezing and equity markets falling off a cliff. There are both short and long term concerns -- from short term liquidity and credit issues, to long term economic worries. Recently, the markets have gone from pricing in a recession, to expected depression level activity. Oil and commodities have dropped in concert. Concerted and massive global government intervention may have halted the collapse, but the depth of the impact on the world economy remains to be seen.

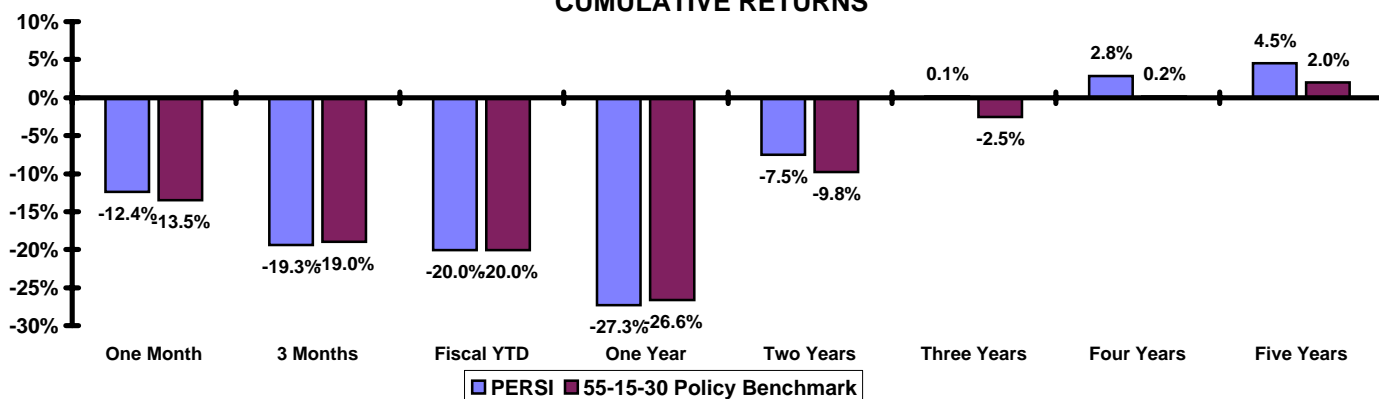
US equity markets were down -18% for the month and -25% for the fiscal year to date, while international and emerging markets have dropped even more. The total fund for the month was down -12.4%, its worst month in over 20 years, and for the fiscal year is down -20.0%, at \$8.7 billion. Tukman, Mountain Pacific, Peregrine Mondrian, and Donald Smith, although losing money, have very strong relative returns. The worst absolute return is from Bernstein Emerging, and the worst relative performance is from Bernstein Global and Zesiger.. Western fixed income is still struggling.

The fund is even with the strategic benchmark (55% US equity (Russell 3000), 15% international equity (EAFE), and 30% investment grade fixed income (Lehman Aggregate)). As opposed to previous months, active US equity management and private assets are adding substantially to returns, but have been offset by the weight to international markets embedded in the global equity mandates, the emerging markets bias, and the underperformance of TIPS.

FYTD Benchmark Returns



CUMULATIVE RETURNS



	Current Month	One Year	Three Years		%
TOTAL FUND	-12.4%	-27.3%	0.1%	\$ 8,703,160,601	
US EQUITY	-11.0%	-22.6%	1.3%	\$ 3,393,633,084	39.0%
Mellon R3000	-14.2%	-34.1%	-4.3%	\$ 961,505,157	11.0%
Peregrine	-16.6%	-37.5%	-8.1%	\$ 131,144,330	1.5%
Tukman	-15.4%	-23.5%	-1.3%	\$ 266,435,821	3.1%
Mtn. Pac.	-18.5%	-27.6%	-0.9%	\$ 225,801,107	2.6%
TCW	-20.2%	-35.9%	-5.5%	\$ 133,598,487	1.5%
D. Smith	-15.6%	-38.5%	-4.6%	\$ 152,735,559	1.8%
Adelante REIT	-32.2%	-49.1%	-10.7%	\$ 135,258,207	1.6%
Real Estate Total	-9.1%	-11.2%	7.7%	\$ 660,594,524	7.6%
Private Equity	-1.7%	4.5%	14.4%	\$ 781,864,024	9.0%
GLOBAL EQUITY	-21.4%	-48.2%	-6.1%	\$ 1,470,153,762	16.9%
Barings	-19.8%	-41.3%	-2.8%	\$ 236,817,817	2.7%
Bernstein	-23.0%	-53.0%	-10.1%	\$ 175,426,519	2.0%
Brandes	-17.0%	-47.1%	-8.1%	\$ 479,466,682	5.5%
Cap Guardian	-18.7%	-42.3%	-5.7%	\$ 270,311,371	3.1%
Fortis	-21.0%			\$ 161,365,478	1.9%
Zesiger Public	-29.9%	-58.5%	-6.3%	\$ 258,075,552	3.0%
Zesiger Total	-29.0%	-56.9%	-5.3%	\$ 274,383,779	3.2%
INT. EQUITY	-21.9%	-47.7%	-2.8%	\$ 1,079,142,082	12.4%
Mellon EAFE	-20.1%	-46.3%	-5.2%	\$ 345,231,576	4.0%
Mondrian	-15.6%	-40.1%	-0.9%	\$ 225,118,027	2.6%
Bernstein Emg	-25.5%	-55.1%	-1.5%	\$ 236,612,193	2.7%
Genesis	-23.6%	-46.7%	1.8%	\$ 266,552,195	3.1%
FIXED INCOME	-4.3%	-1.3%	3.2%	\$ 2,640,076,411	30.3%
SSGA Gov/Credit	-3.2%	-1.4%	2.9%	\$ 590,685,252	6.8%
Barings	-3.5%	0.5%	4.1%	\$ 182,188,254	2.1%
Fidelity	-5.1%	-5.3%	1.5%	\$ 162,859,633	1.9%
Western	-7.1%	-13.8%	-1.0%	\$ 149,044,798	1.7%
DBF MBS	-1.5%	4.0%	5.1%	\$ 131,397,269	1.5%
Clearwater	-1.8%	3.5%	4.9%	\$ 135,226,792	1.6%
Idaho Mort	0.9%	12.0%	8.7%	\$ 353,186,815	4.1%
Western TIPS	-8.4%	-4.8%		\$ 267,172,495	3.1%
SSGA TIPS	-8.0%	-4.9%	1.4%	\$ 653,196,385	7.5%
Cash and Other				\$ 120,155,263	1.4%

